

Tapes63-64, (A\B)

Public Hearing:

SB 437 & SB 438

SENATE COMMITTEE ON REVENUE AND SCHOOL FINANCE

March 5, 1991 1:00 PM Hearing Room A State Capitol Building

Members Present: Senator Jane Cease, Chair

Senator Joan Dukes, Vice Chair (arrived 1:10)

Senator John Brenneman

Senator Shirley Gold

Senator Ron Grensky (arrived 1:12)

Senator Bill McCoy

Senator Tricia Smith (arrived 1:20)

Staff Present: Dick Yates, Legislative Revenue Office  
Mary Ann Zimmermann, Committee Assistant

Witnesses Present: Senator Shirley Gold

Representative Beverly Stein

Diane Rosenbaum, Oregon State Industrial Union Council

Mari Anne Gest, Oregon School Employees Association (OSEA)

Ralph Groener, American Federation of State, County and Municipal Employees  
(AFSCME)

Sandra Millius, Human Services Coalition of Oregon

Gary Carlson, Associated Oregon Industries

Representative Lisa Naito

Bob Van Houte

TAPE 63. SIDE A

005 CHAIR CEASE called the meeting to order at 1:09 P.M. and conducted administrative business.

PUBLIC HEARING SB 437 AND SB 438

020 SENATOR GOLD testified on behalf on SB 437 and SB 438. An historical background was given on the origin of SB 437 and SB 438 dealing with putting tax policy into the statutes.

039 SENATOR GOLD explained how SB 437 hopes to achieve a tax system for Oregon citizens in which the tax commitment should reflect their ability to pay.

053 SEN. GOLD explained SB 438 which deals with a progressive tax system for personal income tax.

These minutes paraphrase and/or summarize statements made during this meetings. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording.

Senate Committee on

Revenue and School Finance

March 5, 1991 Page 2

083 SEN. GOLD referred to HB 2718 which is a vehicle to place SB 437 and SB 438 into actual tax brackets. Two documents address the affects of HB 2718. EXHIBIT 1 and 2

091 CHAIR CEASE clarified that SB 438 deals with personal income and SB 437 focuses on individuals ability to pay. The question was asked of dealing with businesses ability to pay.

100 SEN. GOLD responded any tax system would be based on taxpayer's ability to pay.

116 REP. STEIN testified on behalf on SB 437 and SB 438. Tax reform is necessary in the state of Oregon. It is important to consider a progressive system based on the ability to pay.

146 SEN. GOLD addressed the effort of HB 2718 to carry out progressivity and the discrimination in taxes.

180 DIANE ROSENBAUM read prepared testimony in support of SB 437 and SB 438 . EXHIBIT 3

227 CHAIR CEASE asked if SB 438 should apply to all taxpayers and whether both the corporate and personal should be progressive.

254 DIANE ROSENBAUM responded to the support of a progressive move with respect to income.

261 Discussion and questions follow.

282 MARI ANNE GEST addressed one of the mandates under Measure 5 was against unfair taxes. SB 437 and SB 438 establish a tax policy statement that is needed in Oregon and OSEA endorses these two bills.

314 RALPH GROENER testified in support of SB 437 and SB 438. The relation of Oregon tax system to other parts of the country in relation to progressivity was addressed.

364 RALPH GROENER pointed out one reason why Measure 5 came into effect was due to complexity. ASCME supports progressivity based on ability to pay.

420 SANDRA MILLIUS testified on behalf of SB 437 and SB 438. Background information of the Human Services Coalition of Oregon was addressed.

TAPE 64 SIDE

A

024 SANDRA MILLIUS presented a set of principles for restructuring Oregon's Tax Structure. EXHIBIT 4

039 SEN. BRENNEMAN asked if taxpayers would react negatively toward enactment of temporary tax measures.

These minutes paraphrase and/or summarize statements made during this meetings. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording.

Senate Committee on  
Revenue and School Finance  
March 5, 1991 Page 3

046 SANDRA MILLIUS responded maybe, but not if presented in a way so the public understands the needs.

062 SEN. BRENNEMAN referring to EXHIBIT 4 felt the public would react negatively to the principles listed.

076 Discussion and questions follow regarding the public reaction to budget cuts. State services was addressed.

125 GARY CARLSON objected to the tone of SB 437 and SB 438 rather than the philosophy behind them. Oregon has a tax system which is basically proportional and slightly progressive.

140 GARY CARLSON addressed SB 438 in which income tax would become a flat tax and does not deal with the changes to make Oregon a more progressive system. Various changes were discussed.

190 GARY CARLSON summed up the testimony that the ideal state tax system would: 1) not be higher in tax burden, 2) not significantly different from other states, 3) all citizens should pay some taxes with the ideal system being a mildly progressive or proportional system.

211 SEN. GOLD questioned the opening words (the tone) and closing statements (progressivity) of Mr. Carlson's testimony and expressed difficulty in understanding where there is the contention in relation to SB 437 and SB 438.

248 GARY CARLSON perceives SB 438 as being a one sided description of the tax environment. He disagreed with Section 2 in SB 438 that Oregon's income tax system is a flat tax.

255 Discussion follows.

287 CHAIR CEASE welcomed students from Nestucka.  
286 REP. NAITO testified in support of SB 437 and SB 438 that Oregon should establish a progressive tax policy and tax people based on the ability to pay.

305 BOB VAN HOUTE presented an outlook of the Oregon tax system. Philosophically he supported SB 437 and SB 438 but would like to see improvement in the progressivity of state income taxes and would like to see something done with corporate taxes.

TAPE 63 SIDE

B

000 BOB VAN HOUTE continued public testimony on SB 437 and SB 438. It was urged to consider equity in whatever type of tax structure is decided on.

041 SEN. BRENNEMAN questioned Mr. Van Houte favoring a modest sales tax.

These minutes paraphrase and/or summarize statements made during this meetings. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording.

Senate Committee on  
Revenue and School  
Finance

March 5, 1991 Page 4

046 BOB VAN HOUTE responded for Oregon to have a political compromise that would be palatable to all taxpayers.

054 SEN. BRENNEMAN asked what would be a modest sales tax rate. The response was 2 or 3 percent with corresponding increases in the income tax.

059 SEN. BRENNEMAN asked the position of United Seniors in regard to a sales tax.

062 BOB VAN HOUTE explained United Seniors has opposed a sales tax because of equity and creating burden on those less able to pay. The wealthy should pay proportionately to those less able.

080 CHAIR CEASE pointed out printed testimony by Steve Lanning, Political Education Coordinator. EXHIBIT 5

089 CHAIR CEASE presented background information in regard to the majority and minority reports of SB 815. They will be addressed on the Senate Floor on March 6, 1991. EXHIBITS 8, 9, 10, 11, and 12

095 CHAIR CEASE adjourned the meeting at 2:13 P.M.

Mary Ann Zimmermann, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. How HB 2718 Affects Taxpayers by Income Group, LRO, 3/5/91 - HB 2718
2. What HB 2718 Does, LRO, 3/5/91, HB 2718
3. Written Testimony, Oregon State Industrial Union Council, 3/5/91 SB 437 (cross referenced SB 438)
4. Principles for Restructuring Oregon's Tax Structure, Human Services Coalition of Oregon, 3/5/91 - SB 437
5. Written Testimony, Oregon AFL-CIO, 3/5/91 - SB 437 (cross referenced SB 438)
6. Fiscal Impact Assessment, Legislative Fiscal Office, 3/4/91 -SB 438
7. Fiscal Impact Assessment, Legislative Fiscal Office, 3/4/91 -SB 437
8. Revenue Minority Analysis of Proposed Legislation, LRO, 3/4/91 SB 815 -A
9. School Finance Simulation Majority vs Minority, LRO, 3/4/91 -SB 815
10. School Finance Simulation Minority, LRO, 3/4/91 - SB 815
11. Revenue Majority Analysis of Proposed Legislation, LRO, 3/4/91 - SB 815 -A
12. School Finance Simulation Majority, LRO, 3/5/91 - SB 815

These minutes paraphrase and/or summarize statements mad during this meetings. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording.